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INDUSTRIAL DEVELOPMENT AND COOPERATION ACTIVITIES: OPERATIONAL ACTIVITIES FOR DEVELOPMENT

UNIDO technical cooperation activities

Addendum

Report by the Director-General

Summary

Updates the information provided in chapter I of document GC.6/8.

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Introduction

1. In its resolution GC.5/Res.1, paragraphs 2 and 6, the General Conference at its fifth session requested the Director-General to further enhance the quality management system in conformity with the relevant paragraphs on funds mobilization and quality management of document GC.5/23 and to report thereon to the Conference at its sixth session through the Board.

2. Subsequently, after consideration of a report by the Director-General on the development of a quality management system for UNIDO technical cooperation (IDB.12/8), the Board, in its decision IDB.12/Dec.5, requested the Director-General to take a number of related measures and report on their implementation to the Conference through the Board. Thus, a report on the implementation of the relevant paragraphs of resolution GC.5/Res.1 and of decision IDB.12/Dec.5 prepared for the Conference (GC.6/8-IDB.14/14) was considered by the Board at its fourteenth session. The Board, in its decision IDB.14/Dec.5, encouraged the Director-General to proceed with efforts to improve the quality of technical cooperation projects through the application of the principles for the management of development cooperation, as mentioned in document IDB.14/14. The present document reports on further recent efforts in that respect.

I. IMPROVING THE QUALITY OF TECHNICAL COOPERATION

3. The quality of UNIDO services constitutes a key element of the reform process: the issue of quality is crucial to whatever services are to be provided by the Organization. As such, the guiding principles for the quality management of technical cooperation (contained in the annex to the present document) are being put into practice gradually.

4. After the working session on the introduction of quality management into development cooperation agencies, held in Vienna on 23 and 24 March 1995 (see GC.6/8, para. 5), the above-mentioned principles have been refined through discussions, notably with the World Bank, International Monetary Fund and the German Agency for Technical Cooperation (GTZ) with whom joint work is being planned. The working session has also led to the preparation of a guide to the quality management of development cooperation. This guide—available at present only in draft—will describe the application of those principles in practice, and turn the original objective-oriented project planning (OOPP) methodology (see document IDB.11/4-PBC.9/4, para. 14) into a quality management tool for use both by development cooperation agencies and recipients of development cooperation in whatever field they may be engaged. The guide will incorporate the results of UNIDO experience gained from applying these principles also to some technical cooperation activities of the United Nations International Drug Control Programme, the International Atomic Energy Agency and the World Bank. The guide will be discussed at the next working session on the quality management of development cooperation and published in 1996.

5. At the same time, UNIDO is consolidating its own capacity to advise developing country institutions on the management of technical cooperation received from bilateral and multilateral organizations and non-governmental organizations. Such advice is being provided at present to the National Agency for Atomic Energy of Romania and the Ministry of Industry of Indonesia through technical cooperation services, and to Tunisia through other services. This type of assistance is extended only to recipients of those services who require quality management know-how to effectively master external assistance and ensure its sustained and visible impact on the development process.

II. ACTION REQUIRED OF THE CONFERENCE

6. The Conference may wish to take note of the information provided in the present report.

Annex

GUIDING PRINCIPLES TO THE QUALITY MANAGEMENT OF DEVELOPMENT COOPERATION

1. The principles guiding the provision of technical cooperation services are contained in the Constitution of UNIDO and in several decisions taken by its policy-making organs concerning its activities as a whole.

2. UNIDO—as a service organization—recognizes that developing countries (their Governments, institutions and enterprises) are masters of their own development process and that, as such, external assistance can never become a substitute for their efforts. They are responsible for the management of the identification, formulation and implementation of their own development programmes.

3. UNIDO is responsible for the provision of specific services assisting in the identification, formulation and/or implementation of those programmes, so as to have a sustainable impact on the capacity-building process of local institutions. This impact is measured through the ability of the local institution to improve the situation of the beneficiaries, i.e. to achieve the objective of its development programme. While this principle is the norm, there are cases where UNIDO is responsible only for the provision of specific inputs to programmes developed and implemented by other institutions. Similarly, in exceptional cases, UNIDO may be involved in the provision of direct support to enterprises.

4. It is UNIDO policy to ensure that its technical cooperation services meet the quality standards described in document GC.4/28: relevance, cost-effectiveness and sustainability. The objectives pursued by this policy are the satisfaction of both the local institutions (including government) and the target beneficiaries (enterprises).

5. In the field of industry, developing countries seek to achieve industrial and technological growth and competitiveness, compatible with environmental protection and social considerations. It is UNIDO policy to support national efforts to build up capacities to achieve that objective. UNIDO provides this support through a variety of services, including technical cooperation.[1] More specifically, technical cooperation takes the form of a programme[2] or project.[3]

6. It is **industrial enterprises** that want to achieve industrial and technological growth and competitiveness, be they private or public. They have the management responsibility for achieving this objective through continuous improvement. To succeed, they must be able to organize themselves in the most effective manner—that is, by making the best possible use of the various factors that they require in order to produce quality products—and to ensure client satisfaction.

7. Industrial enterprises obviously do not operate in isolation: they require inputs from other enterprises as well as financial resources, technology and human resources in terms of skilled managers and manpower through **local institutions**. Industrial enterprises also rely on a variety of services such as information, standardization, engineering and communication. In addition, a macroeconomic framework and an enabling policy environment are needed in terms, *inter alia*, of an international trade regime, sound fiscal policies and competition policies. In other words, Governments, local institutions and associations bear a major responsibility for managing the various services, policies and institutional measures conducive to industrial enterprise development.

8. Together with enterprises these local institutions and government policy-making bodies constitute the national capacities and capabilities for sustainable development.

9. The role of **international agencies**, such as UNIDO, is to support the build-up of national capacities and capabilities by providing quality technical cooperation services to its clients, i.e. mainly government authorities and local institutions.

10. Thus, UNIDO policy, strategy and programmes in any of the seven priority areas are closely related to the needs[4] of both local institutions and enterprises to build up national capacities and capabilities, and thereby the competitiveness of domestic enterprises. UNIDO technical cooperation is guided by these principles.

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1. Technical cooperation: The specifically structured and defined system of services supporting development by mobilizing and transferring skills and knowledge in order to improve capacity, capability and efficiency of people through permanent or non-permanent local institutions.

2. Programme (integrated): A set of integrated projects/services limited in terms of objectives, target groups, location and time forming a comprehensive support to the achievement of an overall goal.

3. Project: A set of measures limited in terms of objectives, target groups, location and time implemented to achieve *ex ante* defined objectives.

4. Needs: The objectively identified elements that are required to continuously improve the performance of a system.